

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, APRIL 15, 2003**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, April 15, 2003, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

B. CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

C. TOPIC(S)

C-1 "Proposed pre-annexation agreement"

City Manager Flynn reported that the City has reentered negotiations of the annexation agreement with the County. He explained that in order for cities to annex property there must be an agreement between the County and City regarding property tax sharing. He recalled that in 1993-95 when cities lost significant property tax and the counties were cut funding from the state, the counties negotiated an agreement with the cities on how to share property tax. Mr. Flynn stated that one of the choices all cities have is not to have an agreement; however, once one city negotiates an agreement it becomes the benchmark for all cities in the future. He stated that the last agreement took eight months to negotiate and is referred to as a 90/10 split. For one dollar of property tax, 50 cents goes to schools, 2 cents to special districts, and of the remaining 48 cents, the County gets 90% and cities get 10%. Mr. Flynn stated that Lodi gets 4.8 cents of every tax dollar of new properties annexed.

Mr. Flynn stated that a bill is pending which would redistribute property tax, i.e. cities would give up 50% of their sales tax in exchange for an equal dollar value of property tax. He noted that the League of California Cities is not taking a position on the bill and it has a high probability of being passed.

Council Member Hansen commented that it would likely have a negative effect for Lodi because sales tax increases at a greater ratio than property tax.

Mr. Flynn replied that sales tax fluctuates with the economy, whereas property tax is stable. He interpreted the bill to be a form of social legislation. The state is trying to promote residential growth as opposed to commercial growth. He believed that there are more cities that would benefit by the proposed bill than would be penalized.

Council Member Land stated that he would be opposed to the bill unless the following conditions were met: 1) that the state would refund the City \$20 million, which is approximately \$2 million a year that the City has lost from ERAF; and 2) a constitutional amendment guaranteeing the property tax to the cities.

Mr. Flynn reported that the most recent letter received from the County outlined other topics to consider such as sharing sales tax on newly annexed property, and impact fees for regional traffic, agricultural mitigation, and community facilities.

In reference to the regional traffic impact fee, Mayor Pro Tempore Howard stated that she had been speaking in opposition of the concept since she first learned about it. She reported that the Council of Governments (COG) is strongly considering a fee associated with single family residential units and possibly commercial, industrial, or retail building. The proposed fee ranges from \$2,215 to \$3,728 for single family residential units. It is anticipated to bring in between \$235 million to \$462 million to San Joaquin County for traffic mitigation. Ms. Howard believed that such a fee goes against the concept that COG works to achieve, it is a strain on homebuyers, and challenges regional housing goals. The fee would be in addition to Measure K. Efforts to renew the half cent sales tax are underway.

Council Member Beckman expressed agreement with Ms. Howard's position on the regional traffic impact fee.

Mr. Flynn stated that the City of Stockton is interested in decentralizing many of the social programs they have. He read the following from page 8 of the Final White Paper (filed), "Examples of these community social service facilities, which may or may not be operated by the County, are homeless shelters, halfway houses, shelters for battered women, crises intervention centers, family service agencies, and food banks. All cities produce demand for these services, and they should be considered an intrinsic part of each respective community." Mr. Flynn believed that Lodi should be given credit for its grassroots initiative and he expressed opposition to additional County facilities being located in the City. He stated that the city managers have rejected the fiscal impact analysis (filed) done by Economic Planning Systems, on the grounds that their assumptions are wrong. Mr. Flynn suggested that it might be useful for Lodi to have an analysis of what it costs to provide services, where it gets revenues, and the dollars associated with supporting an acre of residential, commercial, and industrial property.

Referencing page A-1, Council Member Hansen noted that it indicates that a 90.5% property tax share is needed by the County to fund regional services. He questioned whether they are proposing to take away a half percent from the cities.

Mr. Flynn replied that maintaining the agreement as is (90/10 split) would be acceptable to the County. In addition, Mr. Flynn commented that he was fundamentally opposed to impact or higher fees because he saw them as promoting growth. He pointed out that some of the best agricultural land in world is in the local area and yet there seems to be no interest in looking at the long term protection of this asset, which is part of the identity of the City of Lodi.

Council Member Beckman believed that having an agreement in place was important and expressed support for the 90/10 split. He also voiced support for the concept of getting more property tax revenue. He recommended that this matter be brought back to Council with a couple of different options to choose from.

Council Member Hansen agreed that it would be better to have an agreement in place than to wait until the City needed to annex property. He preferred that the sales tax revenue not be decreased in exchange for property tax. He expressed agreement with Ms. Howard's position regarding the regional traffic impact fee; however, he noted that Measure K does not supply sufficient funding for the number of projects.

At the request of Mayor Hitchcock, Community Development Director Bartlam reported that the Farm Bureau and the general agricultural community in the County are opposing the agricultural mitigation fee. In the current proposal, the County would control the funds that were collected, which the cities disagree with. The fee is meant to mitigate the environmental consequence of converting prime farmland to a developed piece of ground. Mr. Bartlam stated that it would take a great deal of compromise on the part of the County to get the fee in place. He reported that most of the other cities that have major development occurring in the County, i.e. Tracy, Lathrop, and Manteca, have development agreements on their projects, which is a contract between the developer and the city that spells out what their obligations are, including fees. Mr. Bartlam stated that

Continued April 15, 2003

Lodi would be better off with its own fee because it has a very specific set of circumstances that are not the same as other cities in the County.

Mr. Bartlam pointed out a fallacy in the belief that no agreement with the County would result in no growth. He explained that the County has a definite perspective that growth should occur within cities. The caveat is that cities need to accommodate that growth, and if they fail to, the County will, which is a stated objective in their general plan. Growth does occur even though geographic boundaries are not expanded. He cited Woodbridge and the Flag City area as examples.

Mayor Hitchcock suggested that the City Manager continue to participate in meetings with the County on the proposed pre-annexation agreement.

Mr. Flynn announced that today was Council Member Hansen's birthday and last Saturday was City Attorney Hay's 60th birthday.

D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

E. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:02 a.m.

ATTEST:

Susan J. Blackston
City Clerk

Mayor's & Council Member's Weekly Calendar

WEEK OF APRIL 15, 2003

Tuesday, April 15, 2003

- 7:00 a.m. Shirtsleeve Session
1. Proposed pre-annexation agreement (CM)
- 5:30 – 7:00 p.m. Go Figures Ribbon Cutting/Grand Opening, 139 South Guild Avenue, Lodi.

Wednesday, April 16, 2003

- 7:00 p.m. City Council Meeting
(Note: Closed Session 6:00 p.m.)

Thursday, April 17, 2003

- 5:30 p.m. Black Tie Gourmet Catering, Ribbon Cutting/Grand Opening, 623 East Oak Street, Lodi.

Friday, April 18, 2003

- 9:30 – 11:30 a.m. **Howard.** Lodi Youth Commission's Speak for Youth with Herman Cain, Chairman of Godfather's Pizza, Inc., Lodi Academy Gymnasium, 1230 South Central Avenue, Lodi.

Saturday, April 19, 2003

- 8:30 a.m. Lodi Parks and Recreation's Breakfast with the Bunny, Lodi Middle School Auditorium, 945 South Ham Lane. Easter Egg hunts begin at 9:00 a.m.

Sunday, April 20, 2003

HAPPY EASTER!!!! 

Monday, April 21, 2003

- 5:30 p.m. Special Closed Session Meeting, Carnegie Forum, Lodi.

Disclaimer: This calendar contains only information that was provided to the City Clerk's office



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Proposed Pre-Annexation Agreement

MEETING DATE: April 15, 2003

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: That Council review with the City Manager recent discussions with San Joaquin County representatives regarding proposed pre-annexation agreement.

BACKGROUND INFORMATION: The City of Lodi currently has a Pre-Annexation Agreement with San Joaquin County that was executed in 1996 and is effective through June 15, 2003. The Agreement generally stipulates that the City, upon annexing new properties to the City limits, will provide a property tax sharing of 90 percent to the County and 10 percent to the City of Lodi.

The County, in anticipation of the expiration of Pre-Annexation Agreements with all of the cities, has initiated meetings with the respective City Managers to explore elements of a new Agreement. Thus far, discussions have included property tax re-allocations, sales tax sharing, and regional impact fees (i.e. Regional Traffic Impact Fee, Agricultural Mitigation Fee, and Community Facilities Fee).

The City Manager will brief Council on recent discussions among City Managers and County representatives. Attached for Council's reference are two documents:

1. Board of Supervisors correspondence dated March 5, 2003
2. "San Joaquin County Tax-Sharing Agreement" White Paper dated February 27, 2003

FUNDING: n/a

Respectfully,

Janet S. Keeter
Deputy City Manager

Attachments

APPROVED: _____

H. Dixon Flynn -- City Manager

Office of the
County Administrator



COUNTY OF SAN JOAQUIN

Courthouse, Room 707
222 East Weber Avenue
Stockton, California 95202-2778
(209) 468-3211
Fax (209) 468-2875

March 5, 2003

MAR 06 2003
CITY MANAGER'S OFFICE

*Susan Reed,
City Council, Real
copy press and return
brynnal
A. Dixon*

Board of Supervisors
Courthouse
Stockton, CA

Dear Board Members:

Initiation of Discussions Regarding Agreements for Property Tax Allocation Upon Annexation, and Financing Regional Services

Recommendation

It is recommended that the Board of Supervisors authorize and direct the County Administrator to:

1. Enter into discussions with the City Managers concerning future agreements for property tax allocation upon annexation and the financing of regional services;
2. Pursuant to those discussions, bring policy recommendations applicable to future annexations to the Board of Supervisors for consideration.

Reason for Recommendation

California Annexation procedures require that property tax agreements be in place before the Local Agency Formation Commission (LAFCo) can process an annexation application. There are no requirements regarding the format or contents of an agreement, but an annexation cannot be considered without one. Individual agreements can be executed for each annexation, or a master agreement can be executed between a county and a city.

In 1996, the Board approved a master annexation agreement, the terms of which were subsequently incorporated within agreements executed between San Joaquin County and each of its cities. All of the current annexation agreements (on file with the Clerk of the Board) expire on June 15, 2003. The fiscal terms of the current agreements were limited to the allocation of property taxes upon annexation. The agreements provide for the sharing of reallocated property taxes in the ratio, generally, of 90 percent County and 10 percent city.

The attached white paper was prepared by Economic and Planning Systems (EPS) to provide a framework for the upcoming discussions with the cities relative to future annexation agreements. EPS is a consulting firm retained by the County to update the fiscal analysis data, which was

used as the basis for the discussions in developing the 1996 agreements. The white paper provides an overview of annexation agreements and related regional issues. Annexations, and the resulting patterns of urban expansion, place increasing demands on regional services. Within this context the County continues to be responsible for many fundamental regional services, including those related to health, human services, and criminal justice.

One of the main uncertainties faced by the County, and addressed in the white paper, is the pending impact resulting from the State budget crisis. When counties faced a similar State budget crisis in the 1992-93 fiscal year, the result was the shift of local property tax revenues from local governments to the schools. This action produced a fundamental change in fiscal relationships and caused local governments to look other for revenue sources to meet its service responsibilities. The white paper presents examples of these new directions. It further notes that other counties and cities have adopted different solutions to regional fiscal issues. These solutions include the sharing of sales tax revenue and the regional collection of public facility fees. Even under the best case scenario, the current sales tax sharing ratio, standing alone, does not address these needs. Therefore, it is intended that these issues be included in the discussions with the cities relative to establishing new annexation agreements. However, those discussions will be approached without a presumption as to how, or if, those issues are ultimately dealt with in the context of establishing new agreements.

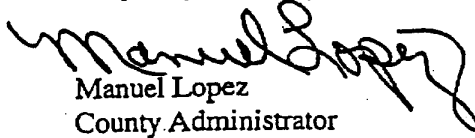
Fiscal Impact

The staff recommendation to conduct discussions with the cities will have no fiscal impact. However, depending upon the outcome of those discussions, significant fiscal impacts are expected. Specific fiscal impact of the new annexation agreements will be presented to the Board at such time as the agreements are submitted for consideration.

Action To Be Taken Following Approval

The County Administrator will initiate discussions with the City Managers regarding future annexations and the financing of regional services. Specific policy recommendations will subsequently be presented for the Board's consideration.

Very truly yours,


Manuel Lopez
County Administrator

ML:RL-ps
Attachment
cc: Auditor Controller
County Counsel
LAFCo
City Managers
Board Clerk for agenda of 3/11/03
BL03-02

OVERVIEW OF ANNEXATION AGREEMENTS AND FINANCING OF REGIONAL SERVICES

California procedures, as defined by Section 56000 et seq. of the Government Code, require that a property tax agreement pursuant to 99 (b) of the Revenue and Taxation Code be in place before the Local Agency Formation Commission (LAFCo) can process an annexation application. There are no requirements regarding the format or contents of an agreement, but an annexation application cannot be considered without one. Individual agreements can be negotiated for each annexation or a master agreement can be executed between a county and a city.

San Joaquin County originally executed master agreements with each city in 1980. On December 12, 1995, the Board of Supervisors approved the termination of the agreements and authorized a comprehensive fiscal review of the annexation process. Following an extensive negotiation process, agreement was reached with the city managers on basic terms for master agreements on a Countywide basis. Subsequently, new master agreements were executed between the Board of Supervisors and each City Council. All of the current annexation agreements expire on June 15, 2003.

During the later part of 2002, the County Administrator's Office, with the assistance of Economic & Planning Systems, Inc. (EPS) conducted a comprehensive update of the original fiscal analysis conducted in 1995. The update considered changes in the County's Budget and projected growth trends in the city sphere of influence areas. The technical conclusions presented in this paper derive from this updated fiscal analysis. Overall, this paper and the underlying fiscal analysis are intended to inform the discussions and negotiations surrounding expiration of the current agreements.

Many counties, including San Joaquin County, have executed master agreements to provide a predictable policy and fiscal framework over an extended period of time. In contrast, by negotiating agreements for individual annexations, counties have been able to address fiscal issues unique to particular projects. For example, the Folsom Auto Mall development involved a project-specific tax sharing agreement between the City of Folsom and Sacramento County. However, master agreements may exclude certain annexations, such as those containing existing commercial development, in order to negotiate project-specific terms where necessary.

It should be recognized that these agreements are not always limited to consideration of property tax sharing. Some jurisdictions, in order to address annexation impacts, have entered into agreements that also provide for the sharing of sales-tax revenue and regional collection of development impact fees. For example, the City of Fresno and Fresno County recently entered into a 15-year tax-sharing agreement that will continue the sharing of property tax and sales tax between the City of Fresno and Fresno County. By way of another example, the City of Sonora and Tuolumne County have negotiated an agreement providing for the distribution of multiple revenue sources, including property taxes, sales tax, transient occupancy tax and development impact fees, to Tuolumne County.

PROPERTY TAX ANALYSIS

1. *The County's current master annexation agreements provide for the allocation of property tax revenues upon annexation.*

The terms of the current agreements were limited to the allocation of property taxes upon annexation. The agreements acknowledge, in a preamble, that there is a lack of consensus regarding local government funding issues arising from annexations. However, the agreements do establish a commitment to regional cooperation, including mutual efforts toward cost-effective service delivery.

For each annexation, the County Auditor aggregates the property-tax shares belonging to the County and each Special District from which the annexation area is detaching. This aggregated portion of the property tax is reallocated based on the terms of the applicable annexation agreement. The current agreements generally provide for a sharing of reallocated property taxes in the ratio of 90 percent County and 10 percent City, with significant exceptions including the following:

- Lathrop – (a) property-tax sharing associated with theme park projects would be phased in; (b) transient occupancy tax sharing, initially designated for transportation projects.
- Tracy and Manteca – four specific annexation applications are subject to an 80 percent County and 20 percent City distribution.
- Ripon and Escalon – as long as the respective City populations are less than 20,000 and annexations are less than 150 acres, the property tax distribution is 63.4 percent County and 36.6 percent City.
- Areas where the County receives transient occupancy tax or significant sales tax revenues are excluded.

2. *Most new development will occur within city spheres of influence.*

A total of nearly 23,000 households, adding 68,000 residents, and 8,300 employees are projected by the San Joaquin Council of Governments (SJCOG) to locate within city spheres during the next eight years, as shown on Figure 1. This amount of population is the equivalent of adding another city the size of Tracy today. Nearly two-thirds of the residential development projected to occur in the County during this time frame is expected to annex to the County's cities. Current SJCOG projections for population and employment growth provide the basis for property-tax and other revenue estimates. These projects were reviewed with County and the respective City staffs as a part of the update process.

3. *The State budget crisis could substantially affect the County's general purpose revenues.*

Fiscal analysis of local revenues and costs is complicated by potential actions of the State of California to balance its budget, which will require finding an estimated \$35 billion through spending reductions, new taxes, and reducing subventions to cities and counties. Counties are vulnerable, particularly to the Governor's proposed reduction of most of the Vehicle License Fee (VLF) subvention. If the reduction in VLF funds accruing to Counties was implemented as originally proposed, the California State Association of Counties (CSAC) estimates that this would result in a loss to San Joaquin County of approximately \$38 million through June 30, 2004.

In a period of shrinking local economic resources, San Joaquin County continues to be responsible for fundamental regional services, such as the District Attorney, the Public Defender, contributions to the Courts, Juvenile and Adult Probation, the Custody Facility, Juvenile Detention, Public Health, and Public Assistance. These services benefit all County residents.

4. *Continuation of the property-tax allocation terms of the current agreement would simply enable the County to maintain existing levels of essential regional services.*

If the State budget crisis results in significant impacts to the County are operating budgets, the County may need to perform additional fiscal analysis of the annexation process. The current analysis is based on the status quo – the existing County budget, the existing annexation agreements, and simply maintaining existing levels of regional services.

A detailed fiscal analysis was conducted by the County and EPS at the time the existing agreements were negotiated in 1996. The current update to that analysis compares estimates of revenues to be generated by new development with projections of prorated costs based on current service levels. The time frame of the fiscal analysis extends through the year 2010, approximately seven years beyond the term of the current agreements.

Figure 2 provides a summary of the updated fiscal analysis. This analysis indicates that 90.5 percent of the property-tax revenue subject to reallocation within newly annexing areas would be required to offset the costs projected to maintain regional Countywide services. Pending impacts to other County revenue sources, such as those described above in item #3, continuation of the property-tax allocation terms of the current agreements (generally 90 percent allocated to the County) would only enable the County to maintain current service levels.

SALES TAX CONSIDERATIONS

5. Agreements for sales tax sharing to offset development impacts have occurred between jurisdictions.

Jurisdiction-wide sharing of sales-tax revenues can be implemented through modification of the Bradley-Burns local sales-tax rates, by affirmative action of the local legislative bodies. To provide some context, it is estimated that a shift of approximately 2 percent of the total sales tax revenues received by the cities to San Joaquin County would approximate 10 percent of the property-tax revenues subject to reallocation. Project specific annexation agreements can also provide for the sharing of sales-tax revenue. The sharing is calculated based on sales-tax data, but can be accomplished through the transfer of other local revenues such as property taxes. For example, the Folsom Auto Mall development resulted in the 50/50 sharing of the sales tax produced in this 55 acre project zone between the City of Folsom and Sacramento County. The actual mechanism to implement this sales tax sharing is a reduction in the total annual secured property revenues received by the City.

Fresno County and the City of Fresno recently entered into a 15-year tax sharing agreement including sales tax sharing and property tax sharing provisions, along with the collection of countywide regional impact fees. This comprehensive tax-sharing agreement was signed in January 2003 and involves the following comprehensive sharing of property tax and sales tax between the City of Fresno and Fresno County. Key features of the agreement include:

Property Tax

- Upon annexation, Fresno County retains all of its base property tax revenue.
- In addition, Fresno County receives 62% of the available property tax increment, as defined in Section 98 of the Revenue and Taxation Code, and the City of Fresno receives the remaining 38% of the available property tax increment.

Sales Tax

- Fresno County receives 5% of the Bradley-Burns 1% citywide sales tax revenue collected within the City of Fresno.
- Fresno County receives an additional 3% of the Bradley-Burns 1% sales tax revenue collected within the area annexed to the City of Fresno.
- Fresno County receives an additional calculated percentage of the Bradley-Burns 1% sales tax based on the impact of a "high-volume" (in excess of \$400,000 in annual sales tax revenues) sales tax generator within the area to be annexed to the City of Fresno.

Regional Impact Fees

- The City of Fresno agrees to either collect the countywide development impact fees adopted by the Board of Supervisors or require the development applicant provide proof that they have paid these fees directly to Fresno County.

REGIONAL INITIATIVES

6. *The County is concerned with growth-related impacts on public facilities, and may be interested in linking regional development impact fees with annexation agreement terms.*

All growth in the County, regardless of its location causes a range of regional impacts and places additional demands on regional services. Although development fees for capital programs do not generate funding for operations, various regional impact fees are under discussion to respond to growth-related impacts and facility needs in San Joaquin County. A regional fee for the habitat conservation went into effect in FY 2000-01.

- *The Habitat Conservation Fee* varies according to the type of land being converted to non-agricultural usage and is administered by the San Joaquin Council of Governments. The fee currently ranges between \$845 per acre for orchard property to \$1,690 per acre for cropland property.

Additional programs under discussion could, in aggregate, total fees of up to \$5,500 per typical single family unit. Since some of these costs would be funded by other means, e.g. project-specific farmland loss mitigation and the "regional" portions of locally administered traffic impact fees, the net impact (increase in total fee burden) will be less than this amount.

- *The Regional Traffic Impact Fee* is anticipated to range from \$2,215 to \$3,728 for the typical single family residential unit depending on which program of regional transportation improvements is being considered is adopted. If adopted the Council of Government's (COG)-initiated Regional Traffic Mitigation Fee would generate between \$235 and \$462 million by FY 2025.
- *The Agricultural Mitigation Fee* has not been developed at this time. This development impact fee, intended to replace existing project-by-project mitigation of farmland loss with a more programmatic approach could generate as much as \$46.7 million through 2025, if the actual average per unit fee reflects the existing typical "1:1" mitigation ratio.

- *The Community Facilities Fee* would provide funding for essential County community facilities infrastructure. The County has estimated that it faces costs in the range of nearly \$300 million to construct buildings and other facilities needed to serve the County's new residents as growth continues in the next several decades. A fee set to cover 25 percent of total anticipated net costs of these facilities to the County would generate approximately \$50 million for the Community Facilities program through 2025. The fee on a typical single family unit needed to generate this funding would be in the range of \$1,500 per unit.

7. *Cooperation in siting community social service facilities would be in the region's best interest.*

San Joaquin County needs the cooperation of each incorporated city to accommodate various community social service facilities. Examples of these community social service facilities, which may or may not be operated by San Joaquin County, are homeless shelters, half-way houses, shelters for battered women, crisis intervention centers, family service agencies, food banks, etc. All cities produce demand for these services, and they should be considered an intrinsic part of each respective community.

As noted above, this paper is intended to provide information for the discussions between the County and cities regarding the negotiation of new master annexation agreements following expiration of the current agreements in June 2003. It is clear that the County and the cities face considerable challenges as they continue to accommodate economic and population growth. It should be a common goal of all local governments to assure that quality of public services and facilities, including those provided by the cities and the County, are maintained and, where possible, improved as this growth occurs. If fact, if quality of public services and facilities are not maintained growth prospects will ultimately be impaired along with the quality of life for existing residents.

Figure 1
San Joaquin County Tax Sharing Agreement
Summary of All Incorporated Agencies - Sphere of Influence Areas
Projected Cumulative Development through 2010

Cumulative Development Category	FY 2010 Totals
Single Family Residential Units	16,030
Multi-family Residential Units	6,837
Total Residential Units	22,867
Total Estimated New Population	67,600
Retail	235,152
Commercial/Service (Private)	741,752
Government/Not-for-Profit	686,000
Industrial	3,106,704
Total Non-Residential Square Feet	4,769,608
Total Estimated New Employees [1]	8,270

"Dev_summ"

[1] Includes 7,020 private sector and 1,250 public sector new employees

Source: San Joaquin County Council of Governments and EPS

Figure 2
San Joaquin County Tax Sharing Agreement
Summary of All Incorporated Agencies - Sphere of Influence Areas
Fiscal Impact on County General Fund (Constant 2002 \$'s)

Budget Item	FY 2010 Totals
County General Fund Revenue - without property taxes	\$5,192,834
County General Fund Expenses	\$16,730,213
Annual Operating Surplus (Deficit) without Property Taxes	-\$11,537,379
Sphere Annexation Pool Property Tax Revenues Available	\$12,742,661
Annual Deficit as a % of Property Tax Available	90.5%
Net Operating Surplus (Deficit) after the Impact of a 90%/10% Property Tax Split	-\$68,984
90% Property Tax Revenue to County	\$11,468,395
10% Property Tax Revenue to City	\$1,274,266

"Cnty_Summ"

[1] The property tax revenues available for allocation are from the annexation pool based on the estimated new development in the annexation area.

Source: San Joaquin County 2002-03 Final Budget and EPS

Before the Board of Supervisors

County of San Joaquin, State of California

B-03-_____

MOTION:

Initiation of Discussion Regarding Agreements for Property Tax Allocation Upon Annexation, and Financing Regional Services

This Board of Supervisors hereby authorizes and directs the County Administrator to:

1. Enter into discussions with the City Managers concerning future agreements for property tax allocation upon annexation and the financing of regional services; and
2. Pursuant to those discussions, bring policy recommendations applicable to future annexations to the Board of Supervisors for consideration.

I HERBY CERTIFY that the above order was passed and adopted on March 11, 2003, by the following vote of the Board of Supervisors, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

c: County Administrator
County Counsel
LAFCo
City Managers
Board Clerk

LOIS M. SAHYOUN
Clerk of the Board of Supervisors
County of San Joaquin
State of California

COB 12/87)



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

WHITE PAPER

SAN JOAQUIN COUNTY TAX-SHARING AGREEMENT

Prepared for:

San Joaquin County

Prepared by:

Economic & Planning Systems, Inc.

Date: February 27, 2003

EPS #12542

SACRAMENTO

1750 Creekside Oaks Drive, Suite 290
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fax: 916-649-2070

BERKELEY

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fax: 510-841-9208

DENVER

phone: 303-623-3557
fax: 303-623-9049

Before the Board of Supervisors

County of San Joaquin, State of California

B-03-_____

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ABSTAIN:

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County Counsel
LAFCo
City Managers
Board Clerk

LOIS M. SAHYOUN
Clerk of the Board of Supervisors
County of San Joaquin
State of California

COB 12/87)

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APPENDIX A: San Joaquin County Tax-Sharing Agreement, Countywide Sphere of
Influence Areas – All Cities

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OVERVIEW OF ANNEXATION AGREEMENTS AND FINANCING OF REGIONAL SERVICES

California annexation procedures, as defined by Section 99 (b) of the *Revenue and Taxation Code*, require that a property tax agreement be in place before the Local Agency Formation Commission (LAFCo) can process an annexation application. There are no requirements regarding the format or contents of an agreement, but an annexation application cannot be considered without one. Individual agreements can be negotiated for each annexation, or a master agreement can be executed between a county and a city.

San Joaquin County (County) originally executed master agreements with each city in 1980. On December 12, 1995, the Board of Supervisors approved the termination of the agreements and authorized a comprehensive fiscal review of the annexation process. Following an extensive negotiation process, consensus was reached with the city managers on basic terms for master agreements on a countywide basis. Subsequently, new master agreements were executed between the Board of Supervisors and each City Council. All of the current annexation agreements expire on June 15, 2003.

During the later part of 2002, the County Administrator's Office, with the assistance of Economic & Planning Systems, Inc. (EPS), conducted a comprehensive update of the original fiscal analysis conducted in 1995. The update considered changes in the County's budget and projected growth trends in the city sphere of influence areas. The technical conclusions presented in this paper derive from this updated fiscal analysis. Overall, this paper and the underlying fiscal analysis are intended to inform the discussions and negotiations surrounding expiration of the current agreements.

Many counties, including San Joaquin County, have executed master agreements to provide a predictable policy and fiscal framework over an extended period of time. In contrast, by negotiating agreements for individual annexations, counties have been able to address fiscal issues unique to particular projects. For example, the Folsom Auto Mall development involved a project-specific tax-sharing agreement between the City of Folsom and Sacramento County. However, master agreements may exclude certain annexations, such as those containing existing commercial development, in order to negotiate project-specific terms where necessary.

It should be recognized that these agreements are not always limited to consideration of property tax sharing. Some jurisdictions, in order to address annexation impacts, have entered into agreements that also provide for the sharing of sales-tax revenue and regional collection of development impact fees.

For example, the City of Fresno, the Fresno Redevelopment Agency, and Fresno County recently entered into a 15-year tax-sharing agreement that will continue the sharing of property tax and sales tax between the City of Fresno and Fresno County. By way of another example, the City of Sonora and Tuolumne County have negotiated an agreement providing for the distribution of multiple revenue sources, including

property taxes, sales tax, transient occupancy tax, and development impact fees, to Tuolumne County.

PROPERTY TAX ANALYSIS

1. THE COUNTY'S CURRENT ANNEXATION AGREEMENTS PROVIDE FOR THE ALLOCATION OF PROPERTY TAX REVENUES UPON ANNEXATION.

The fiscal terms of the current agreements were limited to the allocation of property taxes upon annexation. The agreements acknowledge, in a preamble, the lack of consensus regarding local government-funding issues arising from annexations. However, the agreements do establish a commitment to regional cooperation, including mutual efforts toward cost-effective service delivery.

For each annexation, the County Auditor aggregates the property-tax shares belonging to the County and each Special District from which the annexation area is detaching. This aggregated portion of the property tax is reallocated based on the terms of the applicable annexation agreement. The current agreements generally provide for a sharing of reallocated property taxes in the ratio of 90 percent County and 10 percent City, with significant exceptions:

- Lathrop – (a) property-tax sharing associated with theme park projects would be phased in, and (b) transient occupancy tax sharing, initially designated for transportation projects.
- Tracy and Manteca – four specific annexation applications are subject to an 80 percent County and 20 percent City distribution.
- Ripon and Escalon – as long as the respective City populations are less than 20,000 and annexations are less than 150 acres, the property tax distribution is 63.4 percent County and 36.6 percent City.
- Areas where the County receives transient occupancy tax or significant sales tax revenues are excluded.

2. MOST NEW DEVELOPMENT WILL OCCUR WITHIN CITY SPHERES OF INFLUENCE.

A total of nearly 23,000 households, adding 68,000 residents, and 7,020 employees are projected to locate within city spheres during the next 8 years (Figure 1). This amount of population is the equivalent of adding another city the size of Tracy today. Nearly two-thirds of the residential development expected to occur in the County during this timeframe will require annexation to the County's cities.

Figure 1
San Joaquin County Tax Sharing Agreement
Summary of All Incorporated Agencies - Sphere of Influence Areas
Projected Cumulative Development through 2010

Cumulative Development Category	FY 2010 Totals
Single Family Residential Units	16,030
Multi-family Residential Units	6,837
Total Residential Units	22,867
Total Estimated New Population	67,600
Retail	235,152
Commercial/Service (Private)	741,752
Government/Not-for-Profit	686,000
Industrial	3,106,704
Total Non-Residential Square Feet	4,769,608
Total Estimated New Employees [1]	7,020

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[1] Includes 5,770 private sector and 1,250 public sector new employees

Source: San Joaquin County Council of Governments and EPS

Current San Joaquin Council of Governments (SJCOG) projections for population and employment growth provide the basis for property tax and other revenue estimates. These projects were reviewed with County and the respective City staffs as a part of the update process.

3. THE STATE BUDGET CRISIS COULD SUBSTANTIALLY AFFECT THE COUNTY'S GENERAL PURPOSE REVENUES.

Fiscal analysis is complicated by potential actions of the State of California to balance its budget, which will require finding an estimated \$35 billion through spending reductions, new taxes, and reducing subventions to cities and counties. Counties are particularly vulnerable, especially to the Governor's proposed reduction of most of the Vehicle License Fee (VLF) subvention starting in February 2003. If the proposed reduction in VLF funds accruing to counties is implemented, the California State Association of Counties (CSAC) estimates a resulting loss to the County of approximately \$38 million through June 30, 2004.

In a period of shrinking local economic resources, the County continues to be responsible for fundamental regional services, such as the District Attorney, the Public Defender, contributions to the Courts, Juvenile and Adult Probation, the Custody Facility, Juvenile Detention, Public Health, and Public Assistance. These services benefit all County residents.

4. CONTINUATION OF THE PROPERTY-TAX ALLOCATION TERMS OF THE CURRENT AGREEMENT WOULD SIMPLY ENABLE THE COUNTY TO MAINTAIN EXISTING LEVELS OF ESSENTIAL REGIONAL SERVICES.

If the State budget crisis results in significant impacts to the County's operating budgets, the County may need to perform additional fiscal analysis of the annexation process. The current analysis is based on the *status quo* — the existing County budget, the existing annexation agreements, and simply maintaining existing levels of regional services.

A detailed fiscal analysis was conducted by the County and EPS at the time the existing agreements were negotiated in 1996. The current update to that analysis compares estimates of revenues to be generated by new development with projections of prorated costs based on current service levels. The timeframe of the fiscal analysis extends through the year 2010, approximately 7 years beyond the term of the current agreements.

Figure 2 provides a summary of the updated fiscal analysis. This analysis indicates that 90.5 percent of the property-tax revenue subject to reallocation in newly annexing areas would be required to offset the costs projected to maintain regional

Figure 2
San Joaquin County Tax Sharing Agreement
Summary of All Incorporated Agencies - Sphere of Influence Areas
Fiscal Impact on County General Fund (Constant 2002 \$'s)

Budget Item	FY 2010 Totals
County General Fund Revenue - without property taxes	\$5,192,834
County General Fund Expenses	\$16,730,213
Annual Operating Surplus (Deficit) without Property Taxes	-\$11,537,379
✓ Sphere Annexation Pool Property Tax Revenues Available	\$12,742,661
% of Property Tax Sharing in Sphere Zones	90.5%
Net Operating Surplus (Deficit) after the Impact of a 90%/10% Property Tax Split	-\$68,984
90% Property Tax Revenue to County	\$11,468,395
10% Property Tax Revenue to City	\$1,274,266

Cnty_Summ

[1] The property tax revenues available for allocation are from the annexation pool based on the estimated new development in the annexation area.

Source: San Joaquin County 2002-03 Final Budget and EPS

countywide services. Pending impacts to other County revenue sources, continuation of the property-tax allocation terms of the current agreements (generally 90 percent allocated to the County) would enable the County to maintain current service levels.

SALES TAX CONSIDERATIONS

5. AGREEMENTS FOR SALES-TAX SHARING TO OFFSET DEVELOPMENT IMPACTS HAVE OCCURRED BETWEEN JURISDICTIONS.

Jurisdictionwide sharing of sales-tax revenues can be implemented through modification of the Bradley-Burns local sales-tax rates by affirmative action of the local legislative bodies. To provide some context, it is estimated that a shift of approximately 2 percent of the total sales tax revenues received by the cities to San Joaquin County would approximate 10 percent of the property-tax revenues subject to reallocation.

Project-specific annexation agreements also can provide for the sharing of sales-tax revenue. The sharing is calculated based on sales-tax data, but is accomplished through the transfer of other local revenues such as property taxes. For example, the Folsom Auto Mall development resulted in the 50/50 sharing of the sales tax produced in this 55-acre project zone between the City of Folsom and Sacramento County. The actual mechanism to implement this sales tax sharing is a reduction in the total annual secured property revenues received by the City.

Fresno County and the City of Fresno recently entered into a 15-year tax-sharing agreement including sales tax sharing and property tax sharing provisions, along with the collection of countywide regional impact fees. This comprehensive tax-sharing agreement was signed in January 2003 and involves the following comprehensive sharing of property tax and sales tax between the City of Fresno and Fresno County. Key features of the agreement are these:

- **Property Tax**
 - Upon annexation, Fresno County retains all of its base property tax revenue from the annexed area.
 - In addition, Fresno County receives 62 percent of the available property tax increment, as defined in Section 98 of the Revenue and Taxation Code, and the City of Fresno receives the remaining 38 percent of the available property tax increment.

- Sales Tax
 - Fresno County receives 5 percent of the Bradley-Burns 1 percent citywide sales tax revenue collected in the City of Fresno.
 - Fresno County receives an additional 3 percent of the Bradley-Burns 1 percent sales tax revenue collected in the area annexed to the City of Fresno.
 - Fresno County receives an additional calculated percentage of the Bradley-Burns 1 percent sales tax based on the impact of a "high-volume" (in excess of \$400,000 in annual sales tax revenues) sales tax generator in the area to be annexed to the City of Fresno.
- Regional Impact Fees
 - The City of Fresno agrees to either collect the countywide development impact fees adopted by the Board of Supervisors or require the development applicant provide proof that they have paid these fees directly to Fresno County.

REGIONAL INITIATIVES

6. THE COUNTY IS CONCERNED WITH GROWTH-RELATED IMPACTS ON PUBLIC FACILITIES AND MAY BE INTERESTED IN LINKING REGIONAL DEVELOPMENT IMPACT FEES WITH ANNEXATION AGREEMENT TERMS.

All growth in the County, regardless of location, causes a range of regional impacts and places additional demands on regional services. Although development fees for capital programs do not generate funding for operations, various regional impact fees are under discussion to respond to growth-related impacts and facility needs in the County. A regional fee for the habitat conservation went into effect in FY 2000-01.

- *The Habitat Conservation Fee* varies according to the type of land being converted to nonagricultural usage and is administered by the SJCOC. The fee currently ranges between \$845 per acre for orchard property to \$1,690 per acre for cropland property.

Additional programs under discussion represent, in the aggregate, total fees of \$5,500 per typical single-family unit. Since some of these costs would be funded by other means (e.g., project-specific farmland loss mitigation and the "regional" portions of locally administered traffic impact fees), the net impact (increase in total fee burden) will be less than this amount.

- *The Regional Traffic Impact Fee* is anticipated to range from \$2,215 to \$3,728 for the typical single-family residential unit, depending on which program of regional transportation improvements is being considered is adopted. If adopted, the Council of Governments's (COG)-initiated Regional Traffic Mitigation Fee will generate between \$235 million and \$462 million by FY 2025.
- *The Agricultural Mitigation Fee* has not been developed at this time. This development impact fee, intended to replace existing project-by-project mitigation of farmland loss with a more programmatic approach, could generate as much as \$46 million through 2025, if the actual average per unit fee reflects the existing typical "1:1" mitigation ratio.
- *The Community Facilities Fee* would provide funding for essential County community facilities infrastructure. The County has estimated that it faces costs in the range of nearly \$300 million to construct buildings and other facilities needed to serve the County's new residents as growth continues in the next several decades. A fee set to cover 25 percent of total anticipated net costs of these facilities to the County would generate approximately \$50 million for the Community Facilities program through 2025. The fee on a typical single-family unit needed to generate this funding would be in the range of \$1,500 per unit.

7. COOPERATION IN SITING COMMUNITY SOCIAL SERVICE FACILITIES WOULD BE IN THE REGION'S BEST INTEREST.

The County needs the cooperation of each incorporated city to accommodate various community social service facilities. Examples of these community social service facilities, which may or may not be operated by the County, are homeless shelters, halfway houses, shelters for battered women, crisis intervention centers, family service agencies, and food banks. All cities produce demand for these services, and they should be considered an intrinsic part of each respective community.

As noted above, this paper is intended to provide information for the discussions between the County and cities regarding the negotiation of new master annexation agreements following expiration of the current agreements in June 2003. It is clear that the County and the cities face considerable challenges as they continue to accommodate economic and population growth. It should be a common goal of all local governments to assure that quality of public services and facilities, including those provided by the cities and the County, is maintained and, where possible, improved as this growth occurs. In fact, if quality of public services and facilities is not maintained, growth prospects will ultimately be impaired along with the quality of life for existing residents.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDIX A:

SAN JOAQUIN TAX-SHARING AGREEMENT COUNTYWIDE SPHERE OF INFLUENCE AREAS — ALL CITIES

Figure A-1	Fiscal Impact for General Fund (Constant FY 02-03 \$s)
Figure A-2	General Assumptions
Figure A-3	Cumulative Development Schedule
Figure A-4	Land Use Assumptions
Figure A-5	Population and Employees
Figure A-6	Cumulative Assessed Value from New Development (Constant 2002--3 \$s)
Figure B-1	Revenue-Estimating Procedures for General Fund including Public Safety Revenues
Figure B-2	Annual revenues (Constant FY 200-03 \$s)
Figure B-3	Property Tax Revenues
Figure B-4	Property Tax Administration, Fine, and Penalty Revenues
Figure B-5	Sales Tax — Space Method
Figure B-6	Documentary Stamp Tax (only includes resales) [1]
Figure C-1	Expenditure-estimating Procedure
Figure C-2	Annual Expenses in Constant FY 2002-03 \$s
Figure C-3	General Fund Cost Data by Function
Figure C-4	County Cost of Providing General Fund Services

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Figure A-1
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Fiscal Impact Summary for General Fund (Constant FY 02-03 \$'s)

Item	2010	% of 2010 Total
General Fund Revenue		
Property Tax	\$0	0%
Prop. Tax Admin Fee - SB2557	\$326,735	6%
Fines & Penalties on Delinquent Taxes	\$255,903	5%
Sales Tax - Base Amount	\$0	0%
Sales Tax - Public Safety Fund	\$260,620	5%
Documentary Stamp Tax	\$267,208	5%
Franchises - Cable TV	\$0	0%
Franchises - Other Utilities	\$0	0%
Motor Vehicle In-Lieu Tax	\$2,891,666	56%
Motor Vehicle In-Lieu - R&T 11005	\$985,276	19%
Tax Admin Costs - SB813 & Districts	\$199,306	4%
Other Revenues	\$6,121	0%
Total General Fund Revenues	\$5,192,834	100%
General Fund Expenses [1]		
General Government	\$4,316,481	26%
Public Protection - Courts & Detention	\$8,247,809	49%
Public Protection - Sheriff & Patrol Services	\$0	0%
Health & Sanitation Services	\$1,672,806	10%
Public Assistance	\$2,196,709	13%
Education	\$27,737	0%
Parks & Recreation	\$268,671	2%
Roads & Facilities	\$0	0%
Total General Fund Expenses	\$16,730,213	100%
Annual Operating Surplus (Deficit)	-\$11,537,378	
Revenue to Expense Ratio Prior to Tax Sharing	31%	
Estimated Net Property Tax Revenues Available [2]	\$12,742,661	
Property Tax Share Needed by the County to Fund Regional Services	90.5%	

"summary"

[1] Based on FY 2002/03 cost multipliers.

[2] The net property tax revenues available is calculated in Figure B-3

Source: San Joaquin County FY 2002-03 Budget, and EPS

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Figure A-2
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
General Assumptions

General	
Base Budget Used in Analysis	FY 2002 - 03
Fiscal Year Dollars Discounted to	2002
Inflation (Discount) Rate [1]	3.5%
Legislated Tax Escalation Rate	2.0%
Residential Property Appreciation Rate [2]	3.5%
Non-Residential Property Appreciation Rate [2]	3.5%
General Demographic	
	2002
Unincorporated Population [3]	133,000
Incorporated Population [3]	463,000
County Population [3]	596,000
Unincorporated Employees [4]	43,487
Incorporated Employees [4]	173,948
County Employees [4]	217,435
Person Served Weighting Factor for Employees [5]	25%
County Persons Served [6]	650,359
Unincorporated Persons Served [6]	143,872

"general_assumptions"

- [1] The discount rate is the factor used in taking the present value of any inflated dollars.
- [2] Both residential and non-residential property are assumed to appreciate at the rate of inflation.
- [3] Information from the State Department of Finance.
- [4] Information based on data from the Census and Employment Development Department.
- [5] Employee data is weighted by 25% to estimate the services provided to non-residents and businesses in San Joaquin County
- [6] Persons served is defined as the County population plus 25% of employees.

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Figure A-3
 San Joaquin Annexation Tax Sharing Agreement
 Countywide Sphere of Influence Areas - All Cities
 Cumulative Development Schedule

Land Use	Unit	Fiscal Year Ending								Total
		2003	2004	2005	2006	2007	2008	2009	2010	
Single Family	dwelling units	2,004	2,004	2,004	2,004	2,004	2,004	2,004	2,004	16,030
Multi-Family	dwelling units	855	855	855	855	855	855	855	855	6,837
Total Residential Units		2,858	2,858	2,858	2,858	2,858	2,858	2,858	2,858	22,866
Retail	sq. ft.	29,394	29,394	29,394	29,394	29,394	29,394	29,394	29,394	235,152
Commercial/Service (private)	sq. ft.	92,719	92,719	92,719	92,719	92,719	92,719	92,719	92,719	741,752
Government/Not-for-Profit	sq. ft.	85,750	85,750	85,750	85,750	85,750	85,750	85,750	85,750	686,000
Industrial	sq. ft.	388,338	388,338	388,338	388,338	388,338	388,338	388,338	388,338	3,106,704
Total Non-Residential Sq. Ft.		596,201	596,201	596,201	596,201	596,201	596,201	596,201	596,201	4,769,608

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Sources: San Joaquin Council of Governments and EPS

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Figure A-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Land Use Assumptions

Land Use	Descriptive Unit	Market Value per Unit [3]	Turnover Rate	Persons per DU [1]	Sq. Ft. per Employee [2]	Vacancy Rate
Residential						
Single Family	dwelling units	\$308,486	10%	3.09		4.00%
Multi-Family	dwelling units	\$60,423	5%	3.03		4.00%
Non-Residential						
Retail	square feet	\$134	5%		250	5.00%
Commercial/Service (private)	square feet	\$145	5%		400	5.00%
Government/Not-for-Profit	square feet	N.A.	N.A.		550	0.00%
Industrial	square feet	\$97	5%		2,250	5.00%

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[1] Based on U.S. Census. Single family persons per dwelling unit is assumed to equal the number of persons per household in owner occupied units; and multi-family persons per dwelling unit is assumed to equal the number of persons per household in renter occupied units.

[2] Employees per square foot data is estimated based on EPS experience.

[3] Market value is a composite average of new home sales prices in the market area

Sources: San Joaquin Council of Governments, U.S. Census, Costar Comps, Inc., The Gregory Group, California Department of Finance, and EPS.

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Figure A-5
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Population and Employees

Land Use	2010
Cumulative Residents	
Single Family	47,659
Multi-Family	19,927
Cumulative Residents	67,586
Cumulative Employees	
Retail	894
Commercial/Service (private)	1,762
Government/Not-for-Profit	1,247
Industrial	1,312
Other Jobs [1]	1,802
Cumulative Employees	7,016
Cumulative Persons Served [2]	69,340

population

[1] Other jobs are assumed not to require permanent non-residential building space. These jobs include agriculture, mining, construction jobs.

[2] Persons served is defined as population plus 25% of employees.

Source: San Joaquin Council of Governments, California Department of Finance and EPS

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Figure A-6
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Cumulative Assessed Value from New Development (Constant 2002-03 \$'s)

Land Use	Unit	Cumulative Unit Total 2010	Cumulative Valuation 2010
New Market Value From New Development			
	<i>per unit or sq. ft.</i>		
Single Family	\$308,486	16,030	\$4,944,914,800
Multi-Family	\$60,423	6,837	\$413,100,400
Retail	\$134	235,152	\$31,443,960
Commercial/Service (private)	\$145	741,752	\$107,805,000
Government/Not-for-Profit	N.A.	686,000	\$0
Industrial	\$97	3,106,704	\$302,079,840
Total New Market Value			\$5,799,344,000
Additional Taxable Assessed Value			
	<i>% of Market Value</i>		
Single Family	94%		\$4,648,219,912
Multi-Family	94%		\$388,314,376
Retail	91%		\$28,614,004
Commercial/Service (private)	91%		\$98,102,550
Government/Not-for-Profit	N.A.		\$0
Industrial	91%		\$274,892,654
Total New Taxable Assessed Value			\$5,438,143,496

"assessed_value"

Source: EPS

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Figure B-1
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Revenue Estimating Procedure for General Fund Including Public Safety Revenues

Revenues Estimated	Estimating Procedure	San Joaquin Co. FY 2002-03 Revenues	Percent of Net County Cost Funding	Population or Persons Served	Estimated Revenue Multiplier
Property Tax	Figure B-3	\$69,297,000	39.7%	N.A.	N.A.
Prop. Tax Admin Fee - SB2557	Figure B-3	\$819,600	0.5%		
Fines & Penalties on Delinquent Taxes	% of A.V. - Figure B-4	\$1,578,000	0.9%	N.A.	N.A.
Sales Tax - Base Amount	Figure B-5	\$10,852,000	6.2%		
Sales Tax - Public Safety Fund	Figure B-5	\$31,500,000	18.1%	N.A.	N.A.
Transient Occupancy Tax	[1]	\$320,000	0.2%		
Documentary Stamp Tax	Figure B-6	\$2,300,000	1.3%	N.A.	N.A.
Franchises - Cable TV	Unincorp. Area Per Capita	\$407,000	0.2%	133,000	\$3.06
Franchises - Other Utilities	Unincorp. Area Per Person Served	\$1,686,560	1.0%	143,872	\$11.72
Interest Income	[1]	\$2,500,000	1.4%		
Motor Vehicle in-Lieu Tax	Per Capita	\$25,500,000	14.6%	596,000	\$42.79
Motor Vehicle in-Lieu Tax-R&T 11005	Per Capita - See Note [2]	\$8,688,600	5.0%	596,000	\$14.58
Motor Vehicle in-Lieu Tax-R&T 11005	Fixed Rev. - See Note [2]	\$5,481,400	3.1%		
State - Homeowners Prop. Tax Relief	Part of Prop. Tax Calc.	\$1,322,000	0.8%		
State - Williamson Act Reimbursement	[1]	\$2,030,000	1.2%		
Redevelopment Pass Thrus	[1]	\$1,320,760	0.8%		
Tax Admin Costs - SB813 & Districts	% of A.V. - Figure B-4	\$1,229,000	0.7%	N.A.	N.A.
Miscellaneous Revenues- Non-Recurring	[1]	\$0	0.0%		
Other Revenues	Per Person Served	\$58,900	0.0%	650,359	\$0.09
Operating Transfers In - Tobacco Trust	[1]	\$7,531,071	4.3%		
Total Revenues to Fund Net County Cost		\$174,421,891	100.0%		

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[1] These revenues are not anticipated to be affected by new development.

[2] A portion of this motor vehicle license fee is tied to population (estimated on a per capita basis above), and the other portion is tied to the Fiscal Year 1982-83 personal property tax and is thus unaffected by new development.

Sources: San Joaquin County Administrator's Office, and EPS.

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Figure B-2
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Annual Revenues (Constant FY 2002-03 \$'s)

Item	Fiscal Year Ending 2010
General Fund Revenues	
Property Tax	\$0
Prop. Tax Admin Fee - SB2557	\$326,735
Fines & Penalties on Delinquent Taxes	\$255,903
Sales Tax - Base Amount	\$0
Sales Tax - Public Safety Fund	\$260,620
Documentary Stamp Tax	\$267,208
Franchises - Cable TV	\$0
Franchises - Other Utilities	\$0
Motor Vehicle In-Lieu Tax	\$2,891,666
Motor Vehicle In-Lieu - R&T 11005	\$985,276
Tax Admin Costs - SB813 & Districts	\$199,306
Other Revenues	\$6,121
Total General Fund Revenues	\$5,192,834

"revenue"

Source: Economic & Planning Systems, Inc.

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Figure B-3
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Property Tax Revenues

Item	Source/ Assumption	Fiscal Year Ending 2010
Assessed Value (Constant FY02-03 \$'s)	Figure A-6	\$5,438,143,496
Property Tax (Constant FY02-03 \$'s)	1%	\$54,381,435
Property Tax Allocation Factor Weighted Average		
County General Fund [1]		0%
City General Fund [1]		24%
Agencies Other Than City or County [1]		76%
Total Property Tax Allocation Factor		100.00%
Allocation of Tax (Constant \$'s)		
County General Fund		\$0
Cities General Funds		\$13,069,396
Other Agencies		\$41,312,039
Total Property Taxes		\$54,381,435
County General Fund Total Prop. Tax		\$0
Prop. Tax Admin Fee - SB2557		
Cities General Funds		\$13,069,396
County Property Tax Admin. Fee	2.5%	\$326,735
Estimated Net Property Tax Revenue Available		\$12,742,661

"property_tax"

[1] The preliminary split shown is prior to a negotiated Annexation Revenue Agreement Regarding Property Tax Exchange between the County and the cities.

Source: San Joaquin Auditor-Controller's Office, and Economic & Planning Systems.

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Figure B-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Property Tax Administration, Fine and Penalty Revenues

Item	Source/ Assumption	Fiscal Year Ending 2010
Total County Net A.V. for FY 02-03	\$33,533,751,938	
<i>FY 02-03 County Revenues:</i>		
Fines & Penalties on Delinquent Taxes	\$1,578,000	
Tax Admin. Costs - SB813 & Districts	\$1,229,000	
<i>FY 02-03 County Revenues per \$1M Net AV:</i>		
Fines & Penalties on Delinquent Taxes	\$47.06	
Tax Admin. Costs - SB813 & Districts	\$36.65	
Projected A.V. (Constant FY02-03 \$'s)		\$5,438,143,496
<i>Revenue Estimate from Project:</i>		
Fines & Penalties on Delinquent Taxes		\$255,903
Tax Admin. Costs - SB813 & Districts		\$199,306

*prop_admin_fine**

Sources: San Joaquin County 2002-03 Final Budget, and EPS

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Figure B-5
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Sales Tax - Space Method

Item	Source/ Assumption	Fiscal Year Ending 2010
Sales Tax - Public Safety Rate to County	0.475%	
Cumulative New Non-Residential Space		
Retail		235,152
Commercial/Service (private)		741,752
Industrial		3,106,704
Vacancy Rate		
Retail	5.00%	
Commercial/Service (private)	5.00%	
Industrial	5.00%	
Taxable Sales	<i>per sq. ft.</i>	
Retail	\$200	\$44,678,880
Commercial/Service (private)	\$5	\$3,523,322
Industrial	\$10	\$29,513,688
Total Taxable Sales		\$77,715,890
Sales Tax - Base Amount	<i>effective rate</i> 1.100%	
Public Safety Sales Tax Revenue	0.475%	\$369,150
Net Public Safety Sales Tax Revenues to Fund Regional Services	70.600%	\$260,620

sales_tax"

Sources: State Board of Equalization, Urban Land Institute's Dollar & Cents of Shopping Centers, and Economic & Planning Systems.

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Figure B-6
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Documentary Stamp Tax (only includes resales) [1]

Item	Source/ Assumption	Fiscal Year Ending 2010
Tax Rate per \$1,000 Value (Incorp. Area)	\$ 0.55	
Tax Rate per \$1,000 Value (Unincorp. Area)	\$ 1.10	
Taxable Portion of Resales	90%	
Residential Annual Turnover Rate	10%	
Non-Residential Annual Turnover Rate	5%	
Market Value for Residential Property	Figure A-6	\$5,358,015,200
Market Value for Non-Residential Prop.	Figure A-6	\$441,328,800
Residential Turnover Mkt. Value	(FY 02-03 \$1,000's)	\$535,802
Non-Residential Turnover Mkt. Value	(FY 02-03 \$1,000's)	\$22,066
Documentary Stamp Tax Revenues for:		
Resales of Residential	(FY 02-03 \$'s)	\$265,222
Resales from All Non-Residential	(FY 02-03 \$'s)	\$1,986
Documentary Stamp Tax Rev. (Constant \$'s)		\$267,208

document_stamp_tax*

[1] This figure only includes resales and does not include the one-time revenue from the initial sale of the new development.

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Figure C-1
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Expenditure Estimating Procedure

Item	Estimating Procedure	Incremental Base Multiplier [1]			
		Incorporated Area		Unincorporated Area	
		Resident	Employee	Resident	Employee
General Government	Countywide Persons Served	\$ 62.25	\$ 15.56	\$ 62.25	\$ 15.56
Public Protection - Courts & Detention	Countywide Persons Served	\$ 118.98	\$ 29.40	\$ 118.98	\$ 29.40
Public Protection - Patrol & Sheriff Svs	Unincorporated Persons Served	\$0.00	\$0.00	\$177.17	\$44.29
Health & Sanitation	Countywide Population	\$ 24.75	\$ -	\$ 24.75	\$ -
Public Assistance	Countywide Population	\$ 32.50	\$ -	\$ 32.50	\$ -
Education	Other Methodology	\$ 0.41	\$ -	\$ 2.90	\$ 0.62
Parks and Recreation	Countywide Population	\$ 3.98	\$ -	\$ 3.98	\$ -
Roads and Facilities	Other Methodology	\$ -	\$ -	\$ 6.00	\$ 1.50
County Total - FY 2002-03	Fiscal Year 2002-03 Base Amounts	\$242.87	\$44.96	\$428.53	\$91.38

expend_est_procedure*

[1] The multipliers are calculated in Figure C-4.

Sources: County of San Joaquin FY 2002-03 financial documents, San Joaquin County Administrator's Office, and EPS.

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Figure C-2
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
Annual Expenses in Constant FY 2002-03 \$'s

Expense Category	2010
General Government	\$4,316,481
Public Protection - Courts & Detention	\$8,247,809
Public Protection - Patrol & Sheriff Svs	\$0
Health & Sanitation	\$1,672,806
Public Assistance	\$2,196,709
Education	\$27,737
Parks and Recreation	\$268,671
Roads and Facilities	\$0
Total Expenses	\$16,730,213

*expense**

Source: San Joaquin County Budget FY 2002-03 and
EPS

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Figure C-3
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
General Fund Cost Data by Function

BUDGET UNITS BY FUNCTION & ACTIVITY	FY 2002-03 Adopted Budget	Offsetting Revenue	Cost Recovery Percentage	Net County Cost
		[1]		[1]
GENERAL GOVERNMENT				
Board of Supervisors/Clerk of the Board	\$1,296,807			
Mountain House CSD	\$0			
County Administrator	\$1,750,324			
Capital Projects	\$76,031			
CAO - Juvenile Justice System Coordination	\$183,116			
Information Systems Division	\$874,804			
County Accounting & Personnel System	\$6,602,759			
Auditor Controller	\$2,535,171			
Operating Transfers	\$8,299,364			
Tobacco Settlement	\$3,131,071			
Treasurer-Tax Collector	\$2,129,514			
Assessor	\$6,035,192			
Assessor - AB818	\$818,686			
Purchasing & Support Services	\$1,066,142			
Revenue & Recovery	\$1,457,305			
County Counsel	\$763,717			
Human Resources	\$1,266,084			
Equal Employment Opportunity	\$241,566			
Labor Relations	\$0			
Registrar of Voters	\$2,085,232			
Facilities Management	\$5,520,739			
Economic Promotion	\$138,509			
Surveyor	\$544,142			
Rebates/Refunds/Judgement/Damages	\$42,500			
Equipment Depreciation & Building Use Allow	\$12,059,129			
Subtotal General Government	\$56,917,904	\$16,432,199	28.87%	\$40,485,705
PUBLIC PROTECTION				
District Attorney	\$12,220,525			
DA - Career Criminal Project	\$167,811			
DA - Victim Witness Program	\$586,705			
DA - Victim Assistance Center	\$608,136			
DA - Major Narcotics Vendor Suppression	\$123,145			
DA - Child Abduction Unit	\$483,401			
DA - Violence Against Women Vert. Prosec Unit	\$108,812			
DA - Auto Insurance Fraud Program	\$316,703			
DA - Anti-Drug Abuse Enforcement Program	\$575,715			
DA - Spousal Abuse Prosecution Program	\$120,000			
DA - Workers Comp Ins Fraud Prosecution	\$451,865			
DA - Auto Theft Prosecution Program	\$347,050			
DA - Threat Mgmt/Stalking of Vert. Prosec. Prog	\$140,000			
DA - Elder Abuse Vert. Prosecution Program	\$120,000			

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Figure C-3
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
General Fund Cost Data by Function

BUDGET UNITS BY FUNCTION & ACTIVITY	FY 2002-03 Adopted Budget	Offsetting Revenue	Cost Recovery Percentage	Net County Cost
		[1]		[1]
DA - Rural Crimes Prevention Program	\$301,125			
DA - Child Abuse Vertical Prosecution Program	\$150,000			
DA - Elder Abuse Advocacy Program	\$110,000			
DA - DUI Prosecutor Trng & Ed Program	\$78,480			
Public Defender	\$8,233,954			
Vertical Defense of Indigents Project	\$142,832			
Grand Jury	\$54,984			
Pretrial Services	\$531,995			
Alcohol/Drug Alternative Program	\$413,180			
Court Assigned Counsel	\$2,690,239			
New Directions	\$374,652			
Sheriff - Unified Court Services	\$4,335,780			
County Support of the Courts	\$11,515,311			
Sheriff - STC Training	\$135,235			
Sheriff - Boating Safety	\$826,703			
Sheriff - School Resource Officer - Linden	\$75,975			
Sheriff - School Resource Officer - Lincoln	\$75,070			
Sheriff - Automated Fingerprint ID	\$471,400			
Sheriff - Hi-Tech Crimes Task Force	\$87,898			
Sheriff - Hiring & Training Pool	\$368,133			
Sheriff - Patrol	\$15,676,569			
Sheriff - Communications	\$3,510,901			
Sheriff - COPS MORE-CAD Project	\$209,882			
Sheriff - Detectives	\$4,118,154			
Sheriff - Records	\$2,389,469			
Sheriff - Lathrop Police Contract	\$1,519,802			
Sheriff - Custody	\$30,989,548			
Sheriff - Work Programs	\$763,310			
Correctional Health Services	\$5,240,082			
Probation - Juvenile	\$4,606,650			
Probation - Adult	\$3,323,858			
Probation - Training Program	\$150,000			
Probation - Administration	\$1,845,893			
Probation - TANF	\$1,488,817			
OCJP-JAIBG-South Stockton Co-op	\$70,528			
Juvenile Detention	\$9,088,224			
Agricultural Commissioner	\$2,739,437			
Glassy-Wing Sharpshooter Prevention	\$405,127			
Sealer of Weights & Measures	\$411,542			
Community Development	\$7,057,568			
Sheriff - Civil	\$1,076,800			
Sheriff - Coroner/Morgue	\$817,584			
Sheriff - Administration/Support Services	\$3,633,769			
Probation - Community Justice Conferencing	\$199,988			
Probation - Positive Youth Alternatives	\$188,380			
Neighborhood Preservation	\$8,095,251			
Sheriff - Public Administrator	\$248,890			
Recorder	\$1,526,689			

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Figure C-3
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
General Fund Cost Data by Function

BUDGET UNITS BY FUNCTION & ACTIVITY	FY 2002-03 Adopted Budget	Offsetting Revenue	Cost Recovery Percentage	Net County Cost
Emergency Services	\$1,008,767	[1]		[1]
LAFCO Contribution	\$100,000			
Subtotal Public Protection	\$159,844,093	\$57,048,357	35.69%	\$102,795,736
HEALTH & SANITATION				
Public Health	\$16,898,290			
California Children's Services	\$4,356,731			
Environmental Health	\$5,464,423			
Operating Transfer to Health Care Services	\$55,007,694			
Community Health Care Assess	\$500,000			
Subtotal Health & Sanitation	\$82,227,138	\$67,475,589	82.06%	\$14,751,549
PUBLIC ASSISTANCE				
Human Services - Administration	\$100,655,128			
Public Assistance - Families Dep Children	\$85,089,855			
HAS-AFDC-Foster Care	\$26,171,053			
Public Assistance - Aid for Adoption of Children	\$9,736,066			
Public Assistance - Homemaker Services	\$8,736,051			
HAS - Indochinese Refugee Program	\$40,000			
Public Assistance - Temp Homeless Shelter	\$659,632			
Public Assistance - General Relief	\$3,603,756			
Burials	\$28,500			
Veterans Service Office	\$300,865			
Mary Graham Children's Shelter	\$4,931,385			
Community Services	\$189,449			
Aging & Community Services	\$7,893,595			
Subtotal Public Assistance	\$248,035,335	\$228,663,775	92.19%	\$19,371,560
EDUCATION				
Library Administrative Services	\$116,061			
Cooperative Extension	\$357,674			
Subtotal Education	\$473,735	\$0	0.00%	\$473,735

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Figure C-3
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
General Fund Cost Data by Function

BUDGET UNITS BY FUNCTION & ACTIVITY	FY 2002-03 Adopted Budget	Offsetting Revenue	Cost Recovery Percentage	Net County Cost
		(1)		(1)
RECREATION				
Parks & Recreation	\$3,172,928			
Cultural Services	\$148,622			
Subtotal Recreation	\$3,321,550	\$952,288	28.67%	\$2,369,262
PUBLIC WAYS & FACILITIES				
Road & Airport Contributions	\$863,234	\$0	0.00%	\$863,234
Subtotal Public Ways & Facilities	\$863,234	\$0	0.00%	\$863,234
COUNTY TOTAL - FY 2002-03	\$551,682,989	\$370,572,209	67.17%	\$181,110,780
COUNTY TOTAL - FY 1995-96	\$443,232,318	\$306,711,744	69.20%	\$136,520,574
PERCENTAGE CHANGE	24.47%	20.82%		32.66%

cost_data_2002*

(1) Offsetting revenues are from San Joaquin budget documents with the exception that public safety sales tax revenues have been excluded from offsetting revenues in calculating Net County Costs.

Sources: County of San Joaquin Budget documents, San Joaquin County Administrator's Office, and EPS.

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
GENERAL GOVERNMENT	[1]	[2], [3]		[3]				
			<i>Base Yr 02-03</i>					
Board of Supervisors/Clerk of the Board	\$1,296,807	1	650,359	\$1.99	\$1.99	\$0.50	\$1.99	\$0.50
Mountain House CSD	\$0	1	650,359	\$0.00				
County Administrator	\$1,750,324	1	650,359	\$2.69	\$2.69	\$0.67	\$2.69	\$0.67
Capital Projects	\$76,031	1	650,359	\$0.12	\$0.12	\$0.03	\$0.12	\$0.03
CAO - Juvenile Justice System Coordination	\$183,116	1	650,359	\$0.28	\$0.28	\$0.07	\$0.28	\$0.07
Information Systems Division	\$874,804	1	650,359	\$1.35	\$1.35	\$0.34	\$1.35	\$0.34
County Accounting & Personnel System	\$6,602,759	1	650,359	\$10.15	\$10.15	\$2.54	\$10.15	\$2.54
Auditor Controller	\$2,535,171	1	650,359	\$3.90	\$3.90	\$0.97	\$3.90	\$0.97
Operating Transfers	\$6,299,364	1	650,359	\$9.69	\$9.69	\$2.42	\$9.69	\$2.42
Tobacco Settlement	\$3,131,071	1	650,359	\$4.81	\$4.81	\$1.20	\$4.81	\$1.20
Treasurer-Tax Collector	\$2,129,514	1	650,359	\$3.27	\$3.27	\$0.82	\$3.27	\$0.82
Assessor	\$6,035,192	1	650,359	\$9.28	\$9.28	\$2.32	\$9.28	\$2.32
Assessor - AB818	\$818,686	1	650,359	\$1.26	\$1.26	\$0.31	\$1.26	\$0.31
Purchasing & Support Services	\$1,066,142	1	650,359	\$1.64	\$1.64	\$0.41	\$1.64	\$0.41
Revenue & Recovery	\$1,457,305	1	650,359	\$2.24	\$2.24	\$0.56	\$2.24	\$0.56
County Counsel	\$763,717	1	650,359	\$1.17	\$1.17	\$0.29	\$1.17	\$0.29
Human Resources	\$1,266,084	1	650,359	\$1.95	\$1.95	\$0.49	\$1.95	\$0.49
Equal Employment Opportunity	\$241,566	1	650,359	\$0.37	\$0.37	\$0.09	\$0.37	\$0.09
Labor Relations	\$0	1	650,359	\$0.00				
Registrar of Voters	\$2,085,232	1	650,359	\$3.21	\$3.21	\$0.80	\$3.21	\$0.80
Facilities Management	\$5,520,739	1	650,359	\$8.49	\$8.49	\$2.12	\$8.49	\$2.12
Economic Promotion	\$138,509	1	650,359	\$0.21	\$0.21	\$0.05	\$0.21	\$0.05
Surveyor	\$544,142	1	650,359	\$0.84	\$0.84	\$0.21	\$0.84	\$0.21
Rebates/Refunds/Judgement/Damages	\$42,500	1	650,359	\$0.07	\$0.07	\$0.02	\$0.07	\$0.02
Equipment Depreciation & Building Use Allow	\$12,059,129	1	650,359	\$18.54	\$18.54	\$4.64	\$18.54	\$4.64

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
	[1]	[2], [3]		[3]				
Subtotal General Government	\$56,917,904	1	650,359	\$87.52	\$87.52	\$21.88	\$87.52	\$21.88
Less Offsetting Revenue	-\$16,432,199	1	650,359	-\$25.27	-\$25.27	-\$6.32	-\$25.27	-\$6.32
Net General Government Expense	\$40,485,705			\$62.25	\$62.25	\$15.56	\$62.25	\$15.56
PUBLIC PROTECTION								
			Base Yr 02-03					
District Attorney	\$12,220,525	1	650,359	\$18.79	\$18.79	\$4.70	\$18.79	\$4.70
DA - Career Criminal Project	\$167,811	1	650,359	\$0.26	\$0.26	\$0.06	\$0.26	\$0.06
DA - Victim Witness Program	\$586,705	1	650,359	\$0.90	\$0.90	\$0.23	\$0.90	\$0.23
DA - Victim Assistance Center	\$608,136	1	650,359	\$0.94	\$0.94	\$0.23	\$0.94	\$0.23
DA - Major Narcotics Vendor Suppression	\$123,145	1	650,359	\$0.19	\$0.19	\$0.05	\$0.19	\$0.05
DA - Child Abduction Unit	\$483,401	1	650,359	\$0.74	\$0.74	\$0.19	\$0.74	\$0.19
DA - Violence Against Women Vert. Prosec Unit	\$108,812	1	650,359	\$0.17	\$0.17	\$0.04	\$0.17	\$0.04
DA - Auto Insurance Fraud Program	\$316,703	1	650,359	\$0.49	\$0.49	\$0.12	\$0.49	\$0.12
DA - Anti-Drug Abuse Enforcement Program	\$575,715	1	650,359	\$0.89	\$0.89	\$0.22	\$0.89	\$0.22
DA - Spousal Abuse Prosecution Program	\$120,000	1	650,359	\$0.18	\$0.18	\$0.05	\$0.18	\$0.05
DA - Workers Comp Ins Fraud Prosecution	\$451,865	1	650,359	\$0.69	\$0.69	\$0.17	\$0.69	\$0.17
DA - Auto Theft Prosecution Program	\$347,050	1	650,359	\$0.53	\$0.53	\$0.13	\$0.53	\$0.13
DA - Threat Mgmt/Stalking of Vert. Prosec. Prog	\$140,000	1	650,359	\$0.22	\$0.22	\$0.05	\$0.22	\$0.05
DA - Elder Abuse Vert. Prosecution Program	\$120,000	1	650,359	\$0.18	\$0.18	\$0.05	\$0.18	\$0.05
DA - Rural Crimes Prevention Program	\$301,125	1	650,359	\$0.46	\$0.46	\$0.12	\$0.46	\$0.12
DA - Child Abuse Vertical Prosecution Program	\$150,000	1	650,359	\$0.23	\$0.23	\$0.06	\$0.23	\$0.06
DA - Elder Abuse Advocacy Program	\$110,000	1	650,359	\$0.17	\$0.17	\$0.04	\$0.17	\$0.04
DA - DUI Prosecutor Trng & Ed Program	\$78,480	1	650,359	\$0.12	\$0.12	\$0.03	\$0.12	\$0.03
Public Defender	\$8,233,954	1	650,359	\$12.66	\$12.66	\$3.17	\$12.66	\$3.17
Vertical Defense of Indigents Project	\$142,832	1	650,359	\$0.22	\$0.22	\$0.05	\$0.22	\$0.05
Grand Jury	\$54,984	1	650,359	\$0.08	\$0.08	\$0.02	\$0.08	\$0.02
Pretrial Services	\$531,995	1	650,359	\$0.82	\$0.82	\$0.20	\$0.82	\$0.20

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
	[1]	[2], [3]		[3]	Resident	Employee	Resident	Employee
Alcohol/Drug Alternative Program	\$413,180	1	650,359	\$0.64	\$0.64	\$0.16	\$0.64	\$0.16
Court Assigned Counsel	\$2,690,239	1	650,359	\$4.14	\$4.14	\$1.03	\$4.14	\$1.03
New Directions	\$374,652	1	650,359	\$0.58	\$0.58	\$0.14	\$0.58	\$0.14
Sheriff - Unified Court Services	\$4,335,780	1	650,359	\$6.67	\$6.67	\$1.67	\$6.67	\$1.67
County Support of the Courts	\$11,515,311	1	650,359	\$17.71	\$17.71	\$4.43	\$17.71	\$4.43
Sheriff - Boating Safety	\$826,703	3	596,000	\$1.39	\$1.39	\$0.00	\$1.39	\$0.00
Sheriff - Custody	\$30,989,548	1	650,359	\$47.65	\$47.65	\$11.91	\$47.65	\$11.91
Sheriff - Work Programs	\$763,310	1	650,359	\$1.17	\$1.17	\$0.29	\$1.17	\$0.29
Correctional Health Services	\$5,240,082	1	650,359	\$8.06	\$8.06	\$2.01	\$8.06	\$2.01
Probation - Juvenile	\$4,606,650	1	650,359	\$7.08	\$7.08	\$1.77	\$7.08	\$1.77
Probation - Adult	\$3,323,658	1	650,359	\$5.11	\$5.11	\$1.28	\$5.11	\$1.28
Probation - Training Program	\$150,000	1	650,359	\$0.23	\$0.23	\$0.06	\$0.23	\$0.06
Probation - Administration	\$1,845,893	1	650,359	\$2.84	\$2.84	\$0.71	\$2.84	\$0.71
Probation - TANF	\$1,488,817	1	650,359	\$2.29	\$2.29	\$0.57	\$2.29	\$0.57
OCJP-JAIBG-South Stockton Co-op	\$70,528	1	650,359	\$0.11	\$0.11	\$0.03	\$0.11	\$0.03
Juvenile Detention	\$9,088,224	1	650,359	\$13.97	\$13.97	\$3.49	\$13.97	\$3.49
Agricultural Commissioner	\$2,739,437	1	650,359	\$4.21	\$4.21	\$1.05	\$4.21	\$1.05
Glassy-Wing Sharpshooter Prevention	\$405,127	1	650,359	\$0.62	\$0.62	\$0.16	\$0.62	\$0.16
Sealer of Weights & Measures	\$411,542	1	650,359	\$0.63	\$0.63	\$0.16	\$0.63	\$0.16
Community Development	\$7,057,568	1	650,359	\$10.85	\$10.85	\$2.71	\$10.85	\$2.71
Sheriff - Civil	\$1,076,800	1	650,359	\$1.66	\$1.66	\$0.41	\$1.66	\$0.41
Sheriff - Coroner/Morgue	\$817,584	1	650,359	\$1.26	\$1.26	\$0.31	\$1.26	\$0.31
Sheriff - Administration/Support Services	\$3,633,769	1	650,359	\$5.59	\$5.59	\$1.40	\$5.59	\$1.40
Probation - Community Justice Conferencing	\$199,988	1	650,359	\$0.31	\$0.31	\$0.08	\$0.31	\$0.08
Probation - Positive Youth Alternatives	\$188,380	1	650,359	\$0.29	\$0.29	\$0.07	\$0.29	\$0.07
Neighborhood Preservation	\$8,095,251	1	650,359	\$12.45	\$12.45	\$3.11	\$12.45	\$3.11
Sheriff - Public Administrator	\$248,890	1	650,359	\$0.38	\$0.38	\$0.10	\$0.38	\$0.10
Recorder	\$1,526,689	1	650,359	\$2.35	\$2.35	\$0.59	\$2.35	\$0.59

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
	[1]	[2], [3]		[3]				
Emergency Services	\$1,008,767	1	650,359	\$1.55	\$1.55	\$0.39	\$1.55	\$0.39
LAFCO Contribution	\$100,000	1	650,359	\$0.15	\$0.15	\$0.04	\$0.15	\$0.04
Subtotal Law & Justice - Courts & Detention	\$131,205,605				\$201.86	\$50.12	\$201.86	\$50.12
Less Offsetting Revenue	-\$53,899,255	1	650,359	-\$82.88	-\$82.88	-\$20.72	-\$82.88	-\$20.72
Net Public Protection - Courts & Detention	\$77,306,350				\$118.98	\$29.40	\$118.98	\$29.40
Patrol & Protection								
			Base Yr 02-03					
Sheriff - School Resource Officer - Linden	\$75,975	2	143,872	\$0.53	\$0.00	\$0.00	\$0.53	\$0.13
Sheriff - School Resource Officer - Lincoln	\$75,070	2	143,872	\$0.52	\$0.00	\$0.00	\$0.52	\$0.13
Sheriff STC Training	\$135,235	2	143,872	\$0.94	\$0.00	\$0.00	\$0.94	\$0.23
Sheriff - Automated Fingerprint ID	\$471,400	2	143,872	\$3.28	\$0.00	\$0.00	\$3.28	\$0.82
Sheriff - Hi-Tech Crimes Task Force	\$87,898	2	143,872	\$0.61	\$0.00	\$0.00	\$0.61	\$0.15
Sheriff - Hiring & Training Pool	\$368,133	2	143,872	\$2.56	\$0.00	\$0.00	\$2.56	\$0.64
Sheriff - Patrol	\$15,676,569	2	143,872	\$108.96	\$0.00	\$0.00	\$108.96	\$27.24
Sheriff - Communications	\$3,510,901	2	143,872	\$24.40	\$0.00	\$0.00	\$24.40	\$6.10
Sheriff - COPS MORE-CAD Project	\$209,882	2	143,872	\$1.46	\$0.00	\$0.00	\$1.46	\$0.36
Sheriff - Detectives	\$4,118,154	2	143,872	\$28.62	\$0.00	\$0.00	\$28.62	\$7.16
Sheriff - Records	\$2,389,469	2	143,872	\$16.61	\$0.00	\$0.00	\$16.61	\$4.15
Sheriff - Lathrop Police Contract	\$1,519,802	2	143,872	\$10.56	\$0.00	\$0.00	\$10.56	\$2.64
Subtotal Law & Justice - Patrol & Protection	\$28,638,488	2	143,872	\$199.06	\$0.00	\$0.00	\$199.06	\$49.76
Less Offsetting Revenue	-\$3,149,102	2	143,872	-\$21.89			-\$21.89	-\$5.47
Net Public Protection - Patrol & Sheriff Svs.	\$25,489,386			\$177.17	\$0.00	\$0.00	\$177.17	\$44.29
Total Public Protection	\$159,844,093							

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

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BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
	[1]	[2], [3]		[3]				
HEALTH & SANITATION								
			<i>Base Yr 02-03</i>					
Public Health	\$16,898,290	3	596,000	\$28.35	\$28.35	\$0.00	\$28.35	\$0.00
California Children's Services	\$4,356,731	3	596,000	\$7.31	\$7.31	\$0.00	\$7.31	\$0.00
Environmental Health	\$5,464,423	3	596,000	\$9.17	\$9.17	\$0.00	\$9.17	\$0.00
Operating Transfer to Health Care Services	\$55,007,694	3	596,000	\$92.29	\$92.29	\$0.00	\$92.29	\$0.00
Community Health Care Assess	\$500,000	3	596,000	\$0.84	\$0.84	\$0.00	\$0.84	\$0.00
Subtotal Health & Sanitation	\$82,227,138	3	596,000	\$137.96	\$137.96	\$0.00	\$137.96	\$0.00
Less Offsetting Revenue	-\$67,475,589	3	596,000	-\$113.21	-\$113.21	\$0.00	-\$113.21	\$0.00
Net Health & Sanitation	\$14,751,549			\$24.75	\$24.75	\$0.00	\$24.75	\$0.00
PUBLIC ASSISTANCE								
			<i>Base Yr 02-03</i>					
Human Services - Administration	\$100,655,128	3	596,000	\$168.88	\$168.88	\$0.00	\$168.88	\$0.00
Public Assistance - Families Dep Children	\$85,089,855	3	596,000	\$142.77	\$142.77	\$0.00	\$142.77	\$0.00
HAS-AFDC-Foster Care	\$26,171,053	3	596,000	\$43.91	\$43.91	\$0.00	\$43.91	\$0.00
Public Assistance - Aid for Adoption of Children	\$9,736,066	3	596,000	\$16.34	\$16.34	\$0.00	\$16.34	\$0.00
Public Assistance - Homemaker Services	\$8,736,051	3	596,000	\$14.66	\$14.66	\$0.00	\$14.66	\$0.00
HAS - Indochinese Refugee Program	\$40,000	3	596,000	\$0.07	\$0.07	\$0.00	\$0.07	\$0.00
Public Assistance - Temp Homeless Shelter	\$659,632	3	596,000	\$1.11	\$1.11	\$0.00	\$1.11	\$0.00
Public Assistance - General Relief	\$3,603,756	3	596,000	\$6.05	\$6.05	\$0.00	\$6.05	\$0.00
Burials	\$28,500	3	596,000	\$0.05	\$0.05	\$0.00	\$0.05	\$0.00
Veterans Service Office	\$300,865	3	596,000	\$0.50	\$0.50	\$0.00	\$0.50	\$0.00
Mary Graham Children's Shelter	\$4,931,385	3	596,000	\$8.27	\$8.27	\$0.00	\$8.27	\$0.00
Community Services	\$189,449	3	596,000	\$0.32	\$0.32	\$0.00	\$0.32	\$0.00
Aging & Community Services	\$7,893,595	3	596,000	\$13.24	\$13.24	\$0.00	\$13.24	\$0.00

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
Subtotal Public Assistance	[1] \$248,035,335	[2], [3] 3	596,000	[3] \$416.17	\$416.17	\$0.00	\$416.17	\$0.00
Less Offsetting Revenues	-\$228,663,775	3	596,000	-\$383.66	-\$383.66	\$0.00	-\$383.66	\$0.00
Net Total Public Assistance	\$19,371,560			\$32.50	\$32.50	\$0.00	\$32.50	\$0.00
EDUCATION								
			Base Yr 02-03					
Library Administrative Services	\$116,061	5	282,800	\$0.41	\$0.41	\$0.00	\$0.41	\$0.00
Cooperative Extension	\$357,674	2	143,872	\$2.49	\$0.00	\$0.00	\$2.49	\$0.62
Subtotal Education	\$473,735				\$0.41	\$0.00	\$2.90	\$0.62
Less Offsetting Revenue	\$0				\$0.00	\$0.00	\$0.00	\$0.00
Net Total Education	\$473,735				\$0.41	\$0.00	\$2.90	\$0.62
RECREATION								
			Base Yr 02-03					
Parks & Recreation	\$3,172,928	3	596,000	\$5.32	\$5.32	\$0.00	\$5.32	\$0.00
Cultural Services	\$148,622	3	596,000	\$0.25	\$0.25	\$0.00	\$0.25	\$0.00
Subtotal Parks & Recreation	\$3,321,550	3	596,000	\$5.57	\$5.57	\$0.00	\$5.57	\$0.00
Less Offsetting Revenue	-\$952,288	3	596,000	-\$1.60	-\$1.60	\$0.00	-\$1.60	\$0.00
Net Total Parks & Recreation	\$2,369,262			\$3.98	\$3.98	\$0.00	\$3.98	\$0.00
PUBLIC WAYS & FACILITIES								
			Base Yr 02-03					
Road & Airport Contributions	\$863,234	2	143,872	\$6.00	\$0.00	\$0.00	\$6.00	\$1.50
Subtotal Roads & Facilities	\$863,234				\$0.00	\$0.00	\$6.00	\$1.50

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Figure C-4
San Joaquin Annexation Tax Sharing Agreement
Countywide Sphere of Influence Areas - All Cities
County Cost of Providing General Fund Services

BUDGET UNITS BY FUNCTION AND ACTIVITY	FY 2002-03 Adopted County Budget	Allocation Method	Residents or Persons Served	Average Adj. Net County Cost Multiplier	Incremental Base Multiplier			
					Incorporated Area		Unincorporated Area	
					Resident	Employee	Resident	Employee
	[1]	[2], [3]		[3]				
COUNTY TOTAL - GENERAL FUND	\$551,682,989				\$849.49	\$65.68	\$1,031.77	\$117.57
Less Offsetting Revenue	(\$370,572,209)				-\$606.62	-\$20.72	-\$603.24	-\$26.19
NET COUNTY TOTAL - GENERAL FUND	\$181,110,780				\$242.87	\$44.96	\$428.53	\$91.38

multipliers*

[1] Adopted County Budget by Function and Activity is from Figure C-4.

[2] Allocation Methods include:

Method	FY91-92	FY95-96	FY 2002-03
1 Countywide Persons Served	594,750	633,200	650,359
2 Unincorporated Persons Served	148,500	151,150	143,872
3 Countywide Population	503,400	539,000	596,000
4 Unincorporated Population	127,400	129,400	133,000
5 Other Method (See Note 3 for description)			

[3] Library costs were allocated to all County residents except for residents of Stockton and Lodi which have their own libraries.

Sources: County of San Joaquin financial documents, San Joaquin County Administrator's Office, and EPS.